

**SHINING A LIGHT ON THE.....  
Nomura Global High Conviction Fund**

**AT A GLANCE**

<b>Investment Objective</b>	
To achieve long-term capital growth through investment in a concentrated, actively managed portfolio of global equity securities.	

<b>Inception Date</b>	21 <sup>st</sup> December 2015
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000YJ9N">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000YJ9N</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Tom Wildgoose	21 <sup>st</sup> December 2015
Ilan Chaitowitz	21 <sup>st</sup> December 2015

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2016 to 30<sup>th</sup> September 2020:

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Nomura Global High Conviction Fund</b>	24.37%	13.86%	-2.02%	30.80%	7.23%
<b>iShares MSCI World ETF</b>	8.13%	17.26%	-8.94%	24.33%	0.18%

Performance over 12 months, 3 years, and since launch:

	<b>1 year</b>	<b>3 years</b>	<b>Since launch</b>
<b>Nomura Global High Conviction Fund</b>	9.56%	44.90%	99.83%
<b>iShares MSCI World ETF</b>	6.82%	19.85%	45.60%

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.*

<b>Tracking Error</b>	<b>Upside Capture Ratio</b>	<b>Downside Capture Ratio</b>	<b>Batting Average</b>	<b>Beta</b>	<b>Alpha</b>	<b>Equity Style</b>
5.49	88.42	99.84	44.44	0.93	2.48	Blend/Large

<b>Volatility Measurements</b>	
<b>3-Yr Std Dev (volatility)</b>	13.68%
<b>3-Yr Mean Return (average)</b>	13.16%

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Investment Style Details	
Giant	68.65%
Large	19.07%
Medium	2.12%
Small	0.00%
Micro	0.00%

Top 5 Holdings		
Apple Inc	Technology	8.26%
Mastercard Inc A	Financial Services	7.52%
Unilever NV	Consumer Defensive	6.10%
Alphabet Inc Class C	Communication Services	5.71%
PayPal Holdings Inc	Financial Services	5.59%

Top 5 Sectors	
Financial Services	22.35%
Technology	17.38%
Healthcare	16.51%
Industrials	12.95%
Consumer Cyclical	10.80%

Top 5 Regions	
United States	77.90%
Eurozone	6.23%
Europe ex Euro	4.94%
Asia – Developed	4.60%
Middle East	3.91%

## UPDATE....

**These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.**

This was part of a Nomura investor day with an introduction to a range of funds and strategies. This is a global high conviction fund with 20 holdings. The performance seems strong but compared to other strategies it seems to have lagged. Looking at the high-level data it would appear the fund does not fully protect on the downside, nor does it capture the upside. The batting average also appears weak. The strategy itself is a pure stock picking fund looking to buy quality at a discounted value.

This is effectively a best ideas fund, and there seems to be a number of these strategies to compete against. To provide a flavour of how the managers approach the investment they discussed three main movements this year.

In January and February, they started selling some holdings because they felt the shares had moved to fair value. They had no view on COVID-19 although felt one stock would likely be impacted. At this stage they sold booking.com, Humana, Medtronic, and Babcock. They were unable to replace all these holdings and the cash in the fund went to around 8%. For them this signalled that a correction in the market was due.

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During the market correction they re-purchased Humana at a discount to the price they sold at, purchased Microsoft and Unilever, and by the end of April the strategy was fully invested with cash down to zero.

In recent weeks they felt Apple had reached fair value and recycled that into Inditex, which they believed was a great company trading at a cheap price.

This they explained was the discipline behind the strategy, and that whatever happens around them, each company share price has a fair value. When it reaches that then they are likely to sell and recycle that money into a new idea. This is a different approach to other strategies which tend to look for good quality companies and hold. Obviously, this approach helped them as they had cash to invest when the markets corrected.

In summary, this is part of a growing number of funds looking to invest in the very best ideas. Investors would not be disappointed by the performance but there are strategies that have strong upside and downside capture and a better batting average. Whether this is a weakness with the fund is hard to say at this time, but it would be worth comparing to other strategies.

*The source of information in this note has been provided by Nomura and is correct as at September 2020. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.*